THE MACRO SHOW

SEPTEMBER 21, 2016

LEGAL

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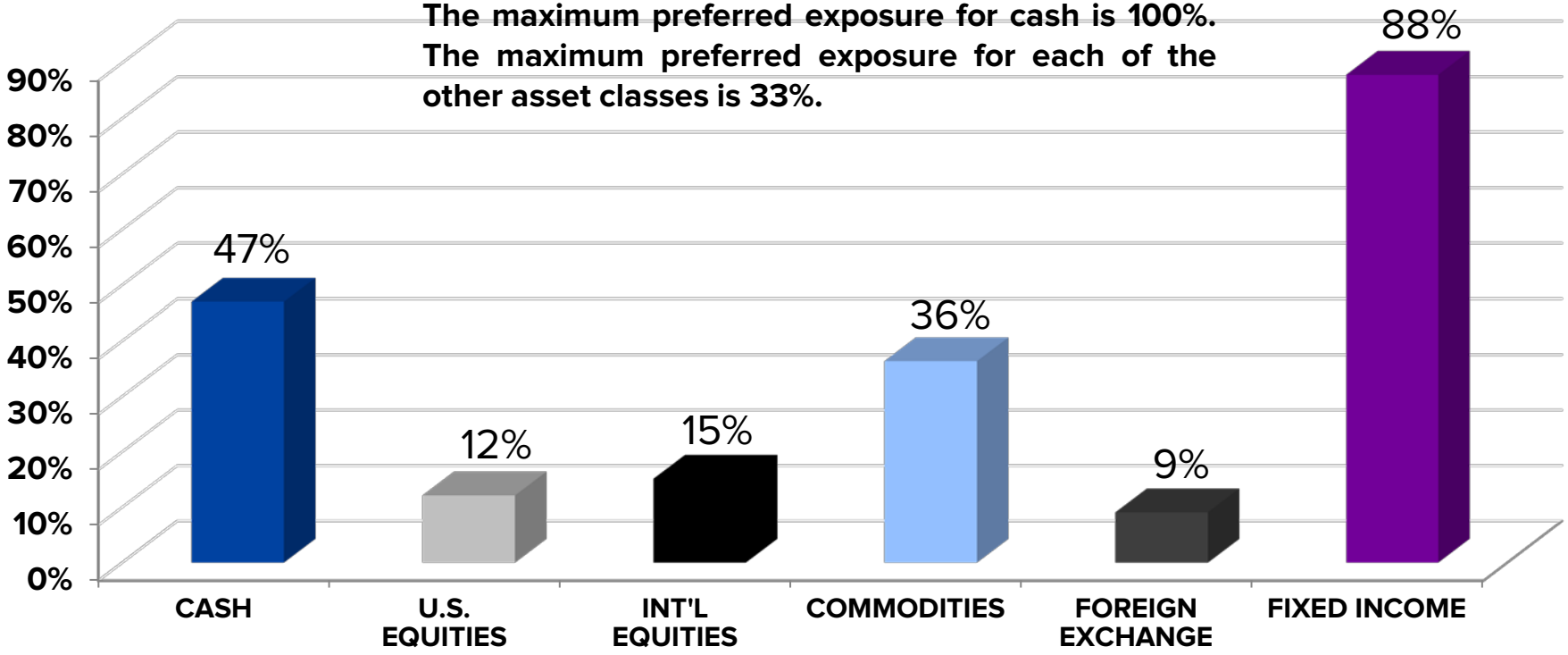
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/20/2016	49	4	5	11	2	29
9/21/2016	47	4	5	12	3	29

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/20/2016	49%	12%	15%	33%	6%	88%
9/21/2016	47%	12%	15%	36%	9%	88%

The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

HEDGEYE ASSET ALLOCATION



1 BOJ

2 RATES

3 GOLD

BOJ

Implements the “QQE with Yield Curve Control” plan (i.e. a -0.1% policy rate and a centrally planned 0.00% 10YR Yield rate). QUESTION: What’s that going to do for the economy? ANSWER: Nothing. No change to bullish TREND in Yen (vs. USD). The Nikkei ramps +1.9% from oversold lows; 10YR JGB -0.04% #riveting.

RATES

Rates are globally doing a big yawn post the BOJ event and we have to admit that some of the “rates are gonna rip” theories are quite clever at this point; not as P&L practical as simply getting #GrowthSlowing right in 2016, but definitely clever! UST 10YR Yield immediate-term risk range = 1.55-1.75%. We’re a buyer of long-term bonds on any move > 1.70%.

GOLD

Gold loves the idiocy of the clever central banker – after barely budging during the stock/bond selloff, back up to $1323/oz this morning = +24.5% YTD with immediate-term upside in our risk range to $1350-1360. We think we'll see that on the next drop in UST 10YR towards 1.55%.

MACRO GRIND

GOLD – CONTINUOUS CONTRACT

September 21, 2016

THE MACRO SHOW

HEDGEYE TV

REUTERS/JEFFERIES CRB INDEX

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.51	0.08%	-2.54%	0.45%
Financial Select Sector	XLF	$19.32	0.05%	-3.12%	-0.16%
Health Care Select Sector	XLV	$72.07	0.31%	-0.95%	0.06%
Technology Select Sector	XLK	$47.09	-0.06%	0.21%	9.95%
Consumer Staples Select Sector	XLP	$52.82	0.27%	-2.87%	4.61%
Industrial Select Sector	XLI	$56.91	0.09%	-2.87%	7.36%
Materials Select Sector	XLB	$46.69	-0.30%	-3.85%	7.53%
The Energy Select Sector	XLE	$66.92	-0.73%	-2.32%	10.94%
Utilities Select Sector	XLU	$49.66	-0.18%	0.87%	14.74%
S&P 500	SPX	2,139.76	0.03%	-1.44%	4.69%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.51	0.05%	-1.11%	-4.24%
Financial Select Sector	XLF	$19.32	0.02%	-1.69%	-4.84%
Health Care Select Sector	XLV	$72.07	0.28%	0.49%	-4.63%
Technology Select Sector	XLK	$47.09	-0.09%	1.65%	5.26%
Consumer Staples Select Sector	XLP	$52.82	0.24%	-1.43%	-0.07%
Industrial Select Sector	XLI	$56.91	0.06%	-1.43%	2.67%
Materials Select Sector	XLB	$46.69	-0.33%	-2.41%	2.84%
The Energy Select Sector	XLE	$66.92	-0.76%	-0.88%	6.25%
Utilities Select Sector	XLU	$49.66	-0.21%	2.31%	10.05%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.4%	0.2%	-2.5%	2.5%	4.8%	10.0%
	Low Debt/EV	-0.1%	0.6%	-3.6%	2.3%	3.0%	4.6%
SI	High Short Interest	-0.6%	-0.5%	-4.4%	1.8%	-0.2%	2.9%
	Low Short Interest	0.1%	0.6%	-2.0%	2.3%	5.3%	7.2%
BETA	High Beta	-0.5%	0.0%	-2.3%	4.6%	6.2%	4.9%
	Low Beta	0.0%	1.2%	-2.7%	-0.7%	2.3%	9.1%
YIELD	High Yield	-0.3%	0.6%	-2.3%	1.6%	1.9%	8.2%
	Low Yield	-0.3%	0.1%	-2.6%	3.9%	7.9%	7.0%
MKT CAP	MCAP Bottom 25%	-0.6%	-0.3%	-3.5%	0.9%	0.1%	3.5%
	MCAP Top 25%	0.1%	0.6%	-2.1%	2.2%	4.2%	4.6%
Sales	Top 25% Sales Growth	-0.4%	-0.1%	-2.9%	2.5%	7.4%	8.1%
	Bottom 25% Sales Growth	-0.3%	0.1%	-3.5%	1.8%	1.3%	5.1%
EPS	Top 25% EPS Growth	-0.3%	0.2%	-2.3%	2.6%	6.7%	6.5%
	Bottom 25% EPS Growth	-0.3%	0.0%	-3.5%	0.7%	2.1%	6.4%

**Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies*

HEDGEYE RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps High	vs. 52-Wk, Bps Low	vs. 3Y Ave	vs. 5Y Ave
3M T-Bill	0.29%	4.1	-6.1	-1	4	-8	34	20	21
3M LIBOR	0.86%	0.0	1.0	4	21	0	55	49	49
2Y T-Note	0.77%	-0.4	-2.4	3	3	-32	28	18	31
5Y T-Note	1.20%	-2.0	-4.5	4	2	-63	31	-28	-5
10Y T-Note	1.69%	-2.1	-3.6	11	0	-68	37	-53	-43
30Y T-Note	2.43%	-2.1	-2.9	15	-6	-70	35	-58	-61
2Y-10Y Spread, Bps	92	-1.7	-1.2	8.4	-3	-36	9	-72	-74
IG SPREAD (AAABBB)	1.85%	0.0	19.0	22	1	-45	25	15	1
HIGH YIELD	6.43%	0.0	1.0	16	-69	-290	24	-17	-31
5Y BREAKEVEN	1.37%	-0.5	2.7	1.2	-9.0	-27.4	51.0	-20.0	-35.0

CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score 1Y	Z-Score 3Y
SPX (Index + E-mini)	113,534	(79,747)	133,102	56,870	(53,74[illegible])	*1.18X*	*1.27X*
Russell 2000 (mini)	8,183	(15,166)	(5,342)	(26,359)	(36,69[illegible])	*1.90X*	*1.53X*
10Y Treasury	72,415	(56,539)	92,175	16,426	7,84[illegible]	*0.92X*	*1.42X*
CRUDE OIL	360,492	34,607	337,604	358,786	311,46[illegible]	*0.83X*	*0.39X*
GOLD	248,858	(30,136)	262,896	227,077	136,07[illegible]	*1.07X*	*2.08X*
COPPER	(25,506)	4,953	(13,065)	(17,805)	(20,640)	*-0.54X*	*-0.59X*
$USD	17,006	172	15,317	13,731	25,947	*-0.65X*	*-0.55X*
JPY	57,687	4,280	49,080	50,149	21,812	*0.80X*	*1.74X*
EUR	(88,388)	13,897	(95,387)	(68,511)	(88,468)	*0.00X*	*-0.06X*
GBP	(81,972)	6,172	(74,285)	(58,245)	(40,077)	*-1.59X*	*-2.10X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/20) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	0.5%	-11%	-12%	-22%
Total Exchange Volume**	-4%	-11%	-13%	-20%

*Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

**Tape A+B+C volume = total US exchange volume

*** Total Traded Value for Russell 3000 (total mkt proxy)

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.29	-0.36	0.24	0.47	-0.52	*0.73*	*-0.91*	*54%*	*46%*
BRENT Oil	-0.63	-0.70	-0.57	-0.14	-0.65	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.33	-0.59	-0.39	-0.14	-0.77	*0.71*	*-0.91*	*18%*	*82%*
GOLD	-0.82	-0.66	0.37	0.47	-0.48	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*